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**WORLD OF SPORT**  
**NFL gets into gear**  
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## Japanese foreign minister: I trust Netanyahu

DAVID HARRIS

JAPANESE Foreign Minister Yukihiko Ikeda last night told *The Jerusalem Post* that he trusts Prime Minister Binyamin Netanyahu, and expects he will turn his words into deeds.

"Netanyahu confided in me his determination to observe the agreements that have been achieved in the peace process to date, and to carry forward that peace process in good faith and energetically," Ikeda said.

Following a lengthy meeting with Netanyahu and Foreign Minister David Levy earlier in the day, Ikeda called on Israel to resume the process as soon as possible.

"At the same time, I very much hope and expect that the Arabs will appreciate the willingness on the part of Israel and also live up to their responsibility," he said.

While the US has been pressuring Japan to terminate its relations with Iran, Ikeda justified his country's commercial ties with that country.

"We share with the entire world community the concern about the possible involvement in terrorism of Iran," he said. "To look at the other side of the coin, if there is clear and abundant evidence that Iran is involved in terrorism then obviously our relations with that country will change. However, at a stage where there is no such clear and absolute evidence, we would not take that sort of hard-fisted approach that a certain country is taking."

Japan will continue to caution Iran by maintaining its channel of critical dialogue, the minister said.

Economically, the minister would neither confirm nor deny the likelihood of imminent investments here by Japanese corporations, saying such pronouncements are a matter for the companies concerned, and stressing that Japan does not have a centrally planned economy.

Ikeda repeated his government's opinion that stability must exist in a country or region before large-scale investments will flow from the public sector.

"If we as the government were to use a budget which is derived from tax paid by the taxpayers for areas where war is raging, or where there is high risk of war, then the chance is public opinion would not accept such a Japanese government decision," Ikeda said.

## Hijacked Sudanese plane diverted to Larnaca

LARNACA, Cyprus (AP) — A Sudanese jetliner with 186 passengers and 13 crew members was hijacked yesterday and diverted to the Larnaca International Airport in Cyprus, aviation officials said.

The plane landed at the airport at around 11:15 p.m. (2015 GMT), according to police Inspector Andreas Gregoriades.

The plane, an Airbus 310, was en route to Amman, Jordan from the Sudanese capital of Khartoum, according to aviation officials in Egypt.

Israeli radio said the plane was being to land at Larnaca, Cyprus, to refuel for a flight to London.



Prime Minister Binyamin Netanyahu, clad in a life vest and goggles, is briefed during a visit to the US Navy aircraft carrier 'Enterprise' yesterday. (Zviha Yarnal/GPO)

## Gold, Baz meet in Paris

ELDAD BECK  
PARIS

PRIME Minister Binyamin Netanyahu's foreign policy adviser Dore Gold and Osama Baz, diplomatic adviser to Egyptian President Hosni Mubarak, were scheduled to meet here last night.

The meeting, under the auspices of Dennis Ross, US Middle East peace process coordinator, was called to prevent deterioration in Israeli-Egyptian relations and examine ways to reactivate the peace talks.

The Egyptian Embassy spokesman in France limited himself to saying that a statement will be published after the meeting.

Ross met yesterday with Denis Buchard, head of the Middle East and North Africa department in the Quai d'Orsay, France's Ministry of Foreign Affairs.

The Arabic daily *Al-Hayat*, published in Europe, reported that Egypt is concerned about last week's successful test of the Arrow 2 missile. According to the report, Mubarak has received detailed intelligence reports about the missile and how it might affect the military balance in the region.

The report also indicated that Egyptian authorities are greatly concerned about the growing number of young Egyptians looking for work in Israel. Some 14,000 Egyptians arrived in Israel during 1995, and information has reached Cairo showing that some of them are employed in Jewish towns in Judea and Samaria, and others are recruited by the Mossad as spies.

Meanwhile, Foreign Minister David Levy will pay an official visit to France on September 10. It will be the first official visit to France by a member of Netanyahu's government.

Levy is scheduled to hold talks with President Jacques Chirac and Foreign Minister Hervé de Charette.

tor Mahmoud Abbas is said to believe that he had a commitment from Peres last spring that Israel would release Yassin if the PA succeeded in locating the body of soldier Ilan Sa'adon, kidnapped and murdered in 1989. Sa'adon's remains were found last month with the PA's help, and buried earlier this month.

Abbas and others have suggested that the PA paid substantial amounts of money to Islamic militants for information on the body's location.

Apart from discussing prisoners, Arafat expressed interest in meeting Weizman in an attempt to increase public pressure on Prime Minister Binyamin Netanyahu to also meet with him, the diplomatic sources said.

## Interest rates to drop by 0.5%

Jerusalem Post Staff

THE Bank of Israel's key lending rates will be reduced next week by 50 basis points to 15.8 percent, the central bank announced yesterday.

The second consecutive reduction, after seven months of a highly contentious policy of monetary restraint, follows a 2% drop in inflationary expectations, according to the bank.

The bank attributed the apparent cooling down of the potentially overheating economy to the sharp, 1.5% rate-hike it had sanctioned in June.

Inflation will apparently be lower in the year's second half than its level during the first six months, while money supply appears to be in line with the government's inflation targets, the Bank of Israel said.

It stressed, however, that inflationary pressures still exceed the government's targets, and that while some recent data indicate a "certain slow-down in the pace of the domestic product's expansion," the economy is still plagued by surplus demand.

Evelyn Gordon adds: Speaking to reporters after a Knesset Finance Committee meeting, Bank of Israel Governor Jacob Frenkel did not rule out further rate cuts this year, though he stressed that the government's planned budget cuts — which will not take effect until 1997 — are key to enabling further reductions.

Though the budget cuts will not take effect until next year, he explained, they could still have an anti-inflationary impact this year, if people are convinced they will really be enacted, and inflationary expectations decline accordingly. Commercial banks to reduce prime lending rates, Page 8

## Uproar over attacks on Justice Barak

MICHAL YUDELMAN and Itim

A PUBLIC furor erupted yesterday over attacks against Supreme Court President Aharon Barak printed in two *haredi* newspapers. The attacks, targeting Barak as "the great enemy of Judaism," were roundly denounced by both opposition and coalition members.

The articles appeared in *Hashavua* and *Yated Ne'eman*. Finance Minister Dan Meridor sharply condemned the attacks on Barak, the Supreme Court and the justice system, calling them "a severe incitement campaign that is unprecedented in the state's history, aimed at damaging not only senior justices but at undermining the basic values of society and the public's confidence in the justice system."

Meridor said "a torn society such as ours cannot survive without the restrictions laid down by the Supreme Court" and commended the Supreme Court justices, singling out Barak for his "unique concept of democracy and Judaism in the state and his protection of the most basic interests of society. 'There is freedom of expression, but no freedom of incitement,'" he stressed.

*Hashavua* editor Asher Zuckerman said that the article in his publication expressed the dissatisfaction of much of the *haredi* community with the method of appointing judges.

Labor MK Dalia Itzik charged that the incitement is not only endangering Barak's life, but threatening to destroy democracy.

"What troubles me most is Prime Minister Binyamin Netanyahu's ongoing silence in the face of the incitement. He has learned nothing from the awful incident which preceded [Yitzhak] Rabin's murder. Netanyahu should have been the first to call on all the *haredi* parties, as well as the secular ones, to come out against it. What he failed to do then [before Rabin's assassination] must be done now," Itzik said.

However, during his meeting with Japanese Foreign Minister Yukihiko Ikeda, Netanyahu praised Barak and condemned the attacks on him, saying, "We are a country based on law, and the Supreme Court is a cornerstone of the legislative authority in the state. We will not permit attacks on this important and central institution."

Israel Radio legal expert Moshe Negbi said the articles against Barak, as well as posters condemning Barak that have appeared in Jerusalem neighborhoods, have all the elements of incitement that appeared in the attacks on Rabin last year.

Negbi said that the violent tone of the articles and posters could almost certainly be translated into violence, especially when directed at a public which he said considers religious values, as it interprets them, above the law.

"If you say to people like these that Barak is Judaism's most dangerous enemy, it's like branding him as a traitor to Judaism, as they did to (Continued on Page 12)

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# Syrian troops in Lebanon said redeploying in fear of IAF

## Expert: Syrian movements in Lebanon are a pressure tactic

SYRIAN troop units have redeployed into defensive positions in eastern Lebanon, apparently out of concern of possible IAF raids, according to reports from Lebanon.

Prime Minister Binyamin Netanyahu, however, said yesterday that "there has been no basic change in the situation between us and Syria, and there has been no change in our intentions, which have always been to defend ourselves."

Foreign Minister David Levy said that "Israel is following the Syrian troop movements in Lebanon, but there is no need for panic."

*An-Nahar* said some units, including tanks, had pulled out of positions on the Beirut-Damascus highway. The newspaper said it appeared the movements were designed to guard against air raids and were apparently in response to recent "warlike" statements by

**DAVID RUDGE and news agencies**

Israeli leaders.

"The change of positions of the Syrian army in the mountains and on the Syrian-Lebanese borders follows fears of an Israeli operation against these forces," *An-Nahar* quoted sources as saying.

The report quoted Lebanese security sources as saying that any air raids would be against Syrian troop concentrations deep inside Lebanon.

Some of the troops, therefore, had redeployed towards the Syrian border, apparently as a precaution, the Lebanese security sources were quoted as saying.

Lebanese security sources told Reuters that Syrian troops appeared to be carrying out a routine rotation of forces, as well as a rede-

ployment in which they were vacating some exposed positions they have held for years in central Lebanon.

According to the reports in the Lebanese press, the Syrian troops have moved from two key positions on the Beirut-Damascus highway, Bhamdoun and Deir el-Baida, both east of Beirut.

The reports, however, did not specify the size of the troop or armor movements, nor where they had been redeployed. But they did say that Lebanese army troops had taken over the Bhamdoun position.

Some Lebanese newspapers also reported that the Syrians had thinned out their troops in Moslem West Beirut, although there was no confirmation of this from other sources. The checkpoints in the region, however, were still reported to be manned by Syrian troops.

**ARIEH O'SULLIVAN**

ZE'EV Maoz, head of the Jaffee Center for Strategic Studies, said yesterday that the Syrian troop movements in Lebanon were a pressure tactic aimed at pushing the peace talks with Israel out of their current stalemate.

"The Syrians want to keep the pressure on and they want to indicate that if there is no movement on the political front then things might escalate," Maoz told *The Jerusalem Post*. "In the long run, if the political stalemate continues, the likelihood of conflict increases. Things like this have a tendency of escalating if the parties don't keep track of their actions."

Maoz said the Syrian troop redeployment has been going on since last week and had been scheduled

and even coordinated with Israel through the United States. "Redeployment involves temporarily increasing forces, because you don't pull out one unit before its replacement is in position," Maoz said. But Maoz said it was coincidental that the Syrian troop movements occurred during the recent saber-rattling between Jerusalem and Damascus.

"What is not coincidental and subsequently dangerous is that the parties are exchanging threats," Maoz said.

Maoz said the possibility of a conflict erupting between Israeli and Syrian forces would involve one of two scenarios. The first

would be following a resumption of large-scale attacks between Israel and Hizbullah. Prime Minister Binyamin Netanyahu has hinted that he would not refrain from hitting Syrian targets if this occurred, Maoz said.

The second scenario would involve an escalation following a series of statements accompanied by troop movements that would lead to a clash. But Maoz said this scenario was not likely since it was more controllable.

"The Syrians have a significant say over what Hizbullah can or cannot do. But like any other guerrilla organization, which is decentralized, it can be very difficult to control all guerrillas all of the time," Maoz said.



Human rights activist Bashar Tarabieh (center) is led by policemen and a plainclothes guard out of an Acre jail yesterday. (AP)

## Security suspect placed under house arrest

THE Acre Magistrate's Court yesterday put Bashar Tarabieh, 27, of Majdal Shams in the Golan Heights, under house arrest for two days.

Tarabieh, who is suspected of security violations, has been living in the Philadelphia area for the past two-and-a-half years, and so will spend the two days in an Acre hotel.

He can not be in contact with anyone other than his lawyer, Hassan Jabarin, and can be

summoned for questioning at any time, the court declared.

Tarabieh was arrested last Monday for allegedly setting fire to a police station in the village of Mas'ada two months ago, and to the local council building in Majdal Shams three years ago, among other offenses.

Tarabieh said the charges against him are "nonsense. My case is no different than many

other cases. The only difference is that I am a human rights activist and live in the US." Tarabieh has been working for Human Rights Watch, a US-based organization.

Tarabieh told police that on the day of the Mas'ada fire, he spent the day picking pears and then went home to sleep.

Police initially requested that he be detained for three more days, but later agreed on two. (Jm)

## PA economic minister to raise closure with Meridor today

**JON IMMANUEL**

FINANCE Minister Dan Meridor hosts Palestinian Authority Economics Minister Maher el-Masri for a meeting in Jerusalem today. The session is being billed as a get-acquainted session for two newcomers to the peace talks, though the Palestinians plan to raise several specific issues.

The main thing the Palestinians want is to convene the joint economic committee, which has not met in nine months, and to ensure Israel's continued commitment to the 1994 Paris economic agreements.

Next, "The closure must be lifted, not just eased," says Samir Huleihel, the ministry director-general. The closure restricts the movement not only of workers, but of commodities, investors, merchants and businessmen, he said.

"We have hundreds of international investors who came to invest here, but Israel has not given any permits since the Cairo agreement in May 1994," he said. According to Huleihel, many of these investors would have stayed if given permits, despite the closure, which other Palestinian officials say was the main reason investors withdrew.

Other immediate issues, such as the PA's need for an immediate cash infusion to pay the salaries of public sector workers, is not Israel's responsibility, Huleihel said he hoped this would be covered by the international donors in the donors' conference scheduled for September 5 in Washington.

On Sunday, PA Chairman Yasser Arafat met with the foreign minister of Japan, one of the major donors.

Unemployment, which stands at 50% in Gaza and 40% in the West Bank, and a \$127 million budget deficit are some of the economic problems facing the PA.

Terje Larsen, the UN coordinator stationed in Gaza, said last week, "We may see a financial collapse of the Palestinian Authority if these issues are not addressed."

He pointed out that easing the closure was essential to easing the PA's \$127 million budget deficit, since every 10,000 workers generates \$20 million in taxes to the PA annually.

Meanwhile, the Palestinian Authority has received permission to fly the two Russian-piloted helicopters at Arafat's disposal from Gaza to the West Bank.

The decision clears up a perceived insult by the government last week when the IDF briefly barred Arafat from overflying Israel to Ramallah for a meeting with former prime minister Shimon Peres.

Arafat adviser Nabil Abu Rudeineh said Arafat planned to fly to the West Bank, probably to Ramallah, tomorrow and is considering making a major public speech.

However, the decision on the helicopters and the increasing pace of meetings between Palestinian and Israeli officials has not lifted Arafat out of his dependency concerning the low level of relations with the government.

President Ezer Weizman's decision to meet with Arafat is welcome, but with caution, as no date has been set, Abu Rudeineh said.

## Gov't holds off on letting in more Palestinian workers

**DAVID HARRIS**

PRIME Minister Binyamin Netanyahu, Foreign Minister David Levy, Defense Minister Yitzhak Mordechai, and Finance Minister Dan Meridor did not increase the number of Palestinian workers allowed into the country, during a meeting held yesterday to discuss the economic problems faced by the Palestinians.

As a result of the meeting, however, a small team of senior representatives of the Prime Minister's Office and the three ministries will discuss possible proposals in detail.

Among the possibilities raised yesterday was a proposal to increase the number of Palestinian workers allowed in from 32,000 to 50,000.

The ministers also looked at ways to ease the passage of goods out of the territories, including facilitating quicker security checks at crossing points. They also discussed ways to make it easier for Palestinian businessmen to move between Judea, Samaria, and Gaza, and into Israel.

Increasing the number of Palestinian workers by 18,000 "would have a significant impact on the Palestinian Authority's attitude," Foreign Ministry assistant director-general for economics Oded Eran said yesterday.

The International Monetary Fund and World Bank estimate that every 10,000 Palestinians who

work in Israel generate an annual \$20 million to \$25 million in income. Since the closure began six months ago, the PA says unemployment has risen to 40 percent in the West Bank and 51% in Gaza.

One issue not considered was a Palestinian demand that Israel stop sending defective goods to the territories.

The Palestinian Economic Council for Development and Reconstruction (PEDCAR) last week insisted Israel prevent the Palestinian market from being flooded with out-of-date goods, or products which are not up to standard for international export.

This claim was rejected by Eran, who is heading Israel's economic negotiations with Egypt, Jordan, and the PA.

"In Israel, we say it is the responsibility of the vendors to see that the goods they sell are of good quality," said Eran. "The same should be true the other way around. If Palestinians feel Israeli goods are defective, just don't buy them."

Eran also expressed concern over Palestinian proposals to introduce legislation limiting dealings with Israel that are "contradictory to at least the spirit of our economic agreement." The planned laws include the limiting of the goods imported from Israel, and the establishment of Palestinian agencies to monitor imports.

## PA legislator's goods seized for tax debt

**BILL HUTMAN**

HATTEM Abdel Khader, the Palestinian Council member who defied the government and opened an office in his Jerusalem home earlier this month, was visited yesterday by bailiffs who confiscated much of his furniture and electrical appliances because he owed a large sum in municipal taxes.

Khader charged that the confiscation was politically motivated and aimed at harassing him for challenging the government's ban on PA activity in Jerusalem. City officials, however, denied this, saying he was treated like any other resident who has a major debt to the municipality.

"The right-wing government is trying to put pressure on me to close my office," which is located in the living room of his home in Beit Hanina.

Khader admitted that he owed the municipality money, but said his lawyer had worked out an agreement with the city allowing him to pay the debt off in monthly installments of NIS 400.

"They took furniture, and my television, and other electrical appli-

ances," Khader said. The furniture in the living room that doubles as his office was left untouched.

The city spokesman said Khader owes some NIS 40,000, and the debt was turned over to a collection agency months ago, with court approval. The timing of the confiscation - just after Khader's stand-off with the government - is purely coincidental, the spokesman said.

Meanwhile, Khader said that senior Palestinian negotiator Mahmoud Abbas may have gone behind the back of Faisal Husseini, the senior PLO official in Jerusalem, in ordering the Palestinian Geographic Center in eastern Jerusalem closed over the weekend, as demanded by the government.

Khader, who formerly served as Husseini's spokesman, said that just days before leaving for Amman, Husseini told him that the center would remain open.

Husseini reportedly in Damascus but expected back in Jerusalem today, was unavailable for comment.

## NEWS IN BRIEF

- Two soldiers killed in Negev crash**  
Two soldiers from Kiryat Gat, Yaniv Azarzer, 21, and Arik Eliah, 20, were killed yesterday in a collision between their car and a cement mixer on the Yad Mordechai-Zikkim highway in the Negev.
- Police said their car swerved out of its lane and slammed head-on into the cement mixer, which overturned. Two young men riding in a Border Police jeep were then lightly injured when the car ricocheted into their vehicle after the initial crash. The driver of the cement mixer who was also lightly hurt.
- In another accident, a 15-year-old Palestinian was seriously injured when he was hit by a van in the Elah Valley. (Jm)
- Palestinian policeman wounds driver**  
A Palestinian policeman fired at a car at a roadblock in Nablus, wounding a father of eight, after the driver received a signal from another policeman to drive on through.
- The incident happened five days ago, but Zuhdi Araysheh, 41, who was a passenger, and was shot in the head by one of 40 bullets fired at the vehicle, regained consciousness only two days ago to explain what happened. He told human rights activist Bassem Eid that there was no stop sign indicating a roadblock. (Jm)
- PFLP-GC denies that Syria expelled Jibril**  
The Popular Front for the Liberation of Palestine-General Command denied that Syria has asked its leader, Ahmed Jibril, to relocate to Iran, as reported in *The Jerusalem Post* yesterday.
- The PFLP-GC and Syria have a relationship based on mutual respect, according to a statement the organization released yesterday.
- The statement also denied any involvement in last month's TWA crash, saying the PFLP-GC does not view the US as its enemy. (Jm)
- Kahalani against Jewish worship on Mount**  
Internal Security Minister Avigdor Kahalani yesterday reiterated his opposition to Jewish worship on the Temple Mount, at a meeting with convicted Jewish underground member Yehuda Etzion, who is leading the fight to end the ban on all but Moslem worship at the holy site.
- Kahalani promised, however, that he would raise the matter with Prime Minister Binyamin Netanyahu, Etzion said. (Jm)

## Report: Participants in Dhahran bombing carried Syrian passports

**HILLEL KUTTLER WASHINGTON**

IRANIAN and Saudi technicians involved in the June 25 bombing of the US military barracks in Dhahran, Saudi Arabia, carried Syrian passports, *USA Today* reported yesterday.

The article also revealed that six months before the attack, the US Air Force passed along intelligence indicating that a bombing was possible at the compound.

US and foreign intelligence reports obtained by the newspaper also stated that last summer, terrorist training increased in the Syrian-controlled Bekaa Valley, and was conducted by the Iranian Revolutionary Guard and overseen by an Iranian diplomat based in Damascus.

Weapons transported through Lebanon, Syria, and Jordan to Saudi Arabia bore markings and serial numbers of military stockpiles in Lebanon and Syria, the paper reported, quoting the intelligence reports.

In the three months preceding the bombing, accomplices to the bombing also reportedly created disturbances at the compound's gate to test response time.

A US intelligence report was said to have reached the Joint Chiefs of Staff and other Pentagon officials prior to the bombing.

US officials twice asked the Saudi government to create a larger security perimeter around the compound, but were rebuffed, the reports stated.

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**HELENE ROTENBERG** 77

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הנהגה מן האלמנט



### Jerusalem municipality: 5,000 students attend illegal schools

BILL HUTMAN and Tim

ABOUT 5,000 Jerusalem youngsters study in haredi schools that operate with no Education Ministry supervision, in clear violation of the law, according to municipal officials, who held a press conference yesterday held to mark the opening of the school year.

The schools belong to the most extreme of the haredi groups, which do not recognize the state, according to the officials.

Avraham Schwartz, head of the municipality's haredi education department, said that the ministry, and not the city, is responsible for enforcing laws requiring schools to be overseen by the ministry.

Some 93,000 youngsters are slated to begin their studies next week in the capital. Mayor Ehud Olmert said that despite budget constraints, the municipality continues to spend unprecedented amounts of money on improving the city's education system.

Some NIS 387 million of the municipal budget goes to education this year, up by over 50 percent since four years ago.



Gal Friedman, wearing his Olympic bronze medal, accepts congratulations from Knesset Speaker Dan Tichon during a ceremony at the Knesset yesterday for returning Olympic athletes.

### New technique may preserve fertility in cancer patients

JUDY SIEGEL

RAMBAM Hospital doctors will remove a small section from the ovary of a woman, who is undergoing aggressive chemotherapy for lymphatic cancer, in the hope of transplanting it back into her body after she recovers.

This experimental procedure, developed recently in Britain and being tried for the first time here, is aimed at giving women made infertile by cancer therapy a chance to have children.

The technique has not yet produced a pregnancy in any medical center that has attempted it, but based on animal experiments, doctors believe it can work. Rambam gynecologists, headed by department chairman Prof. Joseph Iskowitz, have received the go-ahead from the "Helsinki committees" on human experimentation, both in the Health Ministry and in the Haifa hospital itself.

A tiny piece of ovary is removed by laparoscopy. The tissue is frozen. When the woman is ready to have a child, the tissue is defrosted and reinserted into the ovary — either pushed inside or attached

with a few stitches. If this is not possible, the eggs can be ripened *in-vitro* and fertilized with her husband's sperm for implantation in her uterus or fallopian tubes. The ovarian tissue can remain frozen for years, Iskowitz said yesterday.

Simultaneously, the woman will undergo hormone treatments as preparation for removal of individual ova, which will be fertilized in a glass dish by her husband's sperm. Any resulting embryos will be frozen for use when she is well enough and eager to have a baby.

Iskowitz explained that reimplanting defrosted ovarian tissue is preferable to ordinary *in-vitro* fertilization of stored embryos, as the tissue could start producing estrogen in the woman's body and save her from a premature menopause. If it works, this technique would be preferred for children or single women who must undergo aggressive chemotherapy. Most women who undergo conventional chemotherapy do not become infertile, but more aggressive anti-cancer drugs and radiotherapy can kill their ova.

### Teachers refuse to take wage dispute to labor court

BATSHEVA TSUR

THE perennial threat of a school strike loomed again yesterday as secondary school teachers turned down the Treasury's suggestion that a labor court rule on whether teachers' wages had eroded since the wage agreements signed with them in 1993 and 1994.

The suggestion was raised in a meeting yesterday between Treasury wage director Yossi Kucik, and Shoshana Oren, head of the Secondary School Teachers Association. Shortly afterwards, the union announced that it was turning down the proposal.

The Treasury claims that the teachers should return 13.8% of the wage increment they received. The teachers claim they are entitled to a further raise of 2%.

"A court procedure would take much too long," union spokesman Rivka Kanarek explained. "We want to solve the problem before Sunday, otherwise we will not open the schools. Why does it have to take so long to implement an agreement which should have gone into effect on January 1, 1996, the date agreed upon to fix the rate of erosion of our wages?"

"If they are so sure they are right, why don't they let the court prove it?" Arye Greenblatt, a Treasury spokesman, said last night in response.

The discrepancy between the

two sides is a result of the interpretation of the erosion. The teachers, who are linked to the engineers' scale, say that they are missing the component of *darga* (level) which other sectors of the economy have. "Let the Treasury compare a teacher with an engineer, who three years ago had level eight, and who now has level 12," Kanarek said. "Instead, they are comparing the same teacher with an engineer who has only now reached level eight."

Judy Siegel adds: Health services will be supplied in the schools for at least the next four months, after the Finance Ministry decided to transfer NIS 24 million to the local authorities to cover the expenses of doctors, nurses and vaccinations.

The National Parents Association had threatened to strike if parents were forced to pay a health-services' fee this year, as the national health insurance system launched in January 1995 counted school health services as part of the basket of services to be supplied free. But the local authorities and the Health Ministry argued that they didn't have the money to pay for them.

A Treasury spokesman said that legislation would be passed towards the end of the year formalizing arrangements regarding school health services.

### Stockholm congress seeks answers to child prostitution

ESTHER HECHT

AS anger, grief, and fear spread through Belgium following the deaths by starvation of two eight-year-old girls at the hands of a pedophile gang, the World Congress Against Commercial Sexual Exploitation of Children opened today in Stockholm.

"The purpose of the congress is to get governments to take the problem seriously, because it is becoming international," said Leah Gruenpeter-Gold, secretary-general of Shani, the Israel branch of the International Abolitionist Federation. Gruenpeter-Gold is attending the conference as the representative of a nongovernmental organization.

It's a mistake to view sexual exploitation of minors as restricted to one part of the globe, she said. The fact that Israelis who visit Southeast Asia can buy sex with eight-year-olds whets their appetite for similar services here. "The result is that brothel owners here employ younger and younger prostitutes," she said.

According to Gruenpeter-Gold, the route to child prostitution here often begins with sexual abuse in the home. In adolescence, the victim may become a drug addict, then turn to prostitution to support the habit.

The availability of child pornography here also spurs the demand for child prostitutes, she said.

Ironically, experts in the field say that countries like Holland, Germany, and Austria that have tried to control prostitution by institutionalizing it have ended up with the worst problems. International traffickers in child pornography and prostitution have

become most entrenched in these countries.

Dr. Menahem Horovitz, a member of the Film Censorship Board and a Hebrew University criminologist who is an expert on sex offenses, said exploiting children to produce child pornography is clearly illegal, but restricting an individual's right to view pornography is more problematic.

According to Horovitz, evidence linking film and video viewing and behavior is inconclusive, though all research on the subject shows there is a desensitizing of the viewer. "If you watch a lot of violent movies, for example, you need a higher and higher level of violence to arouse your interest," he said.

The Stockholm conference might have gone unnoticed here, except for the flap that erupted several weeks ago over the cost of accommodations for the prime minister's wife, Sara Netanyahu, who was scheduled to attend. Following the scandal, she withdrew her participation. Although about 50 ministers from various countries are expected at the conference, Israel has sent no ministerial-level representatives.

Gruenpeter-Gold hopes the conference will raise the level of awareness here. "The public, including those who deal with the problem, aren't aware that prostitution is to society what incest is to a family," she said. Everyone is up in arms about incest, but the usual attitude is that a prostitute chooses her occupation. I don't think little girls choose this."

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# Democrats expect unity at party convention

TRYING for a re-election boost, Democrats open a unity convention last night in this city that once symbolized their divisions, as polls showed President Clinton's lead on Republican challenger Bob Dole was narrowing.

"We enjoy our diversity here. We don't see it as a liability; we see it as an asset to our party," Senator Chris Dodd, the party chairman, said yesterday.

First lady Hillary Rodham Clinton and Vice President Al Gore rallied the faithful in Chicago and reminded Democrats "we need to stick together."

"This is first time in 60 years that a sitting Democratic president has not been challenged in his own party," Dodd said in a television interview.

The Democrats will use the

DONALD M. ROTHBERG  
CHICAGO

four-day convention to counter Republican claims at their convention two weeks ago that Clinton is a failure and Dole can do more for women and ethnic minorities.

The Democratic Party, traditionally left-of-center, appeals to diverse segments of the US population, from workers in scholars and ethnic minorities. The Republicans have a traditional following among business people and conservatives.

The Democrats' opening night will highlight the party's commitment to minorities, with speakers famous and little known. Clinton won't arrive until tomorrow to accept the formal nomination.

The Democrats last convened in Chicago in 1968, at the height of opposition to the Vietnam War. Protesters fought police in the streets, and the battles were televised across the nation.

Clinton's lead over Dole has narrowed significantly since the Republican convention.

The ABC television news national tracking poll said that among voters who seem more likely to vote in November, Clinton got 47 percent, Dole 42 percent and Ross Perot 7 percent.

A CNN-USA Today-Gallup poll found Dole significantly stronger than he was before the Republican gathering - trailing Clinton by 12 points, down from 22 in early August. (AP)

# Albright: US says 'no' to Boutros-Ghali, 'yes' to UN

CHICAGO (AP) - UN Secretary General Boutros Boutros-Ghali has to go, but a second Clinton administration would retain strong support for the United Nations, Ambassador Madeleine Albright said on the eve of the Democratic convention.

Albright, the United States' top UN diplomat, said the decision to oppose Boutros-Ghali's re-election to another term is "irrevocable" because, although "we appreciate what he's done," a new leader is needed to take the United Nations "into the 21st century."

Albright avoided any direct criticism of Republican candidate Bob Dole's views on foreign policy as she addressed several hundred foreign visitors to the Democratic National Convention, which opened last night.

She defended Republican-sponsored US laws aimed at increasing pressure on Cuba, Iran and Libya by penalizing other

countries' businesses that have dealings with the regimes. She challenged allies who have criticized such US efforts to do more to fight terrorism and promote democracy.

Canada's ambassador to Washington, Raymond Chretien, asked Albright to reconsider US opposition to Boutros-Ghali, calling it a mistake, and said some US laws appear to go against international law.

"Mr. Ambassador, we would like you to help us get democracy in Cuba," Albright told Chretien.

Albright, while allying herself with Republicans on that issue, gave a sharply contrasting view of the United Nations from the criticism and calls for tougher US policies that emerged from the Republican convention two weeks ago.

Clinton administration support for the United Nations is good for the world and "good for America's citizens," she said.

Despite the UN bashing by "US

pundits and talk show hosts," Albright said, public support for the United Nations is strong.

Nonetheless, she said, the Clinton administration has supported and helped achieve reform at the United Nations, including approval of a no-growth budget, reductions in the number of UN peacekeepers and a better job of planning and managing peace operations.

Albright defended US reluctance to be tougher on China.

"I am an idealist, but I am a pragmatist," she said when challenged by Canadian and Taiwanese members of the audience to defend the administration's non-confrontational policy towards China. "Our stakes with China are very large. China is a world power."

In contrast, she called Cuba "an embarrassment to the Western Hemisphere."

"We deal with China using other methods," she said.



President Bill Clinton is handed a saxophone by one of his supporters in Chillicothe, Ohio where his train stopped as a part of the president's whistlestop tour on the way to Chicago for the Democratic Party Convention. (AP)

# Chicago Seven 'return to scene of the crime'

ARTHUR SPIEGELMAN  
CHICAGO

THE ageing warriors whose anti-Vietnam War protests convulsed the Democratic convention in 1968 returned in triumph "to the scene of the crime" yesterday and were welcomed by the mayor whose father set the police on them.

It was a case of letting bygones be bygones on the eve of the first time in 28 years that the Democrats have dared to hold their national convention in the Midwest's largest city, so brutal was their reception the last time.

Mayor Richard Daley welcomed Tom Hayden, Bobby Seale, David Dellinger and other surviving members of the group

known as the Chicago Seven to a three-hour reconciliation rally and songfest where the hit tunes of the protest movement were played by Bonnie Raitt, Jackson Browne and two-thirds of Crosby, Stills and Nash.

Moments after the fully clothed cast of *Hair* sang "This is the dawn of the age of Aquarius," the mayor stepped to a barely lit podium not to offer an apology, but a welcome - something his tough, no-nonsense father would never have done.

"You are welcome today. We can't bring back Martin Luther King Jr. or Bobby Kennedy. We can't change the past, but we can learn from it... The challenges of today are too great to keep fighting the past," he said, referring to two heroes of the 1960s assassinated in that year, 1968.

The rally was sponsored by the Nation Magazine and the mayor skipped out as quickly and as quietly as he could - long before giant images of police beating demonstrators were shown, long before haughty pictures of his father and Judge Julius Hoffman were shown.

The judge presided over a 5 1/2 month trial that bordered on farce when it did not actually cross that border. He ordered Seale, the rapid-speaking founder of the Black Panthers, bound and gagged because he wanted to defend himself and sentenced the other defendants and their lawyers to long prison terms for "contempt of court" because they broke into his comments from the bench and ridiculed him.

The sentences were later overturned and an official commission accused the Chicago police of staging "a riot" against the protesters.

# Chelsea makes political debut

CHILLICOTHE, Ohio (Reuters) - Chelsea Clinton, until now carefully shielded from the exposure of public life, made her political debut on Sunday on her father's whistlestop train trip.

Chelsea, 16, was at President Bill Clinton's side as he rode the rails through parts of West Virginia, Kentucky and Ohio, and was introduced at every stop. She even worked ropelines, shaking hands with excited fans.

Hillary Rodham Clinton saw her husband and daughter off on the trip in Huntington, West Virginia and then went on to Chicago to begin a rigorous Democratic Convention schedule.

Asked if Chelsea would have a prominent role in the campaign, White House spokesman Mike McCurry said: "She'll do what she did today when she can. She has to go back to school."

The president's daughter is going into her senior year of high school at Sidwell Friends School, a private school in Washington.

McCurry said Chelsea has asked to go on the train trip and attend the convention where her father will be renominated, but said her exposure did not signal the start of a new political career.

Chelsea "is a very poised young lady, but she's not that much interested in politics," the spokesman said.

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Tour guide: Oded Feder

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האזנה מן הלב





Former South Korean presidents Chun Doo Hwan (right) and Roh Tae-woo stand to hear their fate at the Seoul court which yesterday sentenced Chun to death and Roh to 22½ years in prison. See adjacent story. (AP)

# Death for ex-president Chun, Roh gets 22½ years in S. Korean 'trial of century'

A South Korean court sentenced former president Chun Doo Hwan to death yesterday on charges of masterminding a 1979 coup and an army massacre of pro-democracy demonstrators the following year.

Under Korean law, execution is carried out by hanging. His presidential successor, Roh Tae-woo, was sentenced to 22½ years in prison for playing a supporting role.

Grim-faced and dressed in blue cotton prison pyjamas, both were convicted of massive corruption during their 13 years of rule that ended in 1993.

Many Koreans believe current President Kim Young-sam will offer the former generals a pardon.

The decision was a resounding condemnation of South Korea's bloody and militaristic past.

A three-judge panel found the two guilty of seizing power in a coup in 1979, then ordering troops to crush a pro-democracy uprising in the southern city of Kwangju six months later.

At least 200 civilians died and hundreds, perhaps thousands, of others were injured.

### News agencies

#### SEOUL

Kwangju was the nadir of 47 years of authoritarian, largely military rule that began when South Korea gained its independence with the surrender of Japan at the end of World War II.

The nation got its first civilian president in 32 years with the election in 1992 of Kim Young-sam, who instigated the charges against his military predecessors.

Separately, nine business tycoons - including the chairmen of Samsung and Daewoo - were sentenced for bribing Roh. All got jail terms but the sentence on the Samsung chairman was suspended, meaning he will not serve time.

In all 13 former military colleagues of Chun and Roh were handed jail sentences of four to 10 years in what was dubbed the "trial of the century" that dug up many of the dirtiest secrets from the era of strongman rule.

Nine one-time aides hounded by charges of bribery, including acting as bagmen for their presidential bosses.

The army massacre in the southern city of Kwangju killed about 200 civilians by official count and crushed democratic opposition to Chun's martial law rule.

Chun and Roh are expected to appeal against the sentences handed down by the Seoul District Criminal Court.

"I have a heavy heart," senior judge Kim Young-il told a news conference after the trial.

Presidential aides said it would be absurd to comment on the possibility of an amnesty before the cases were reviewed by higher courts.

The case against Chun and Roh turned Korean business and politics upside down, spurred by president Kim's campaign to "right the wrongs of history".

Women relatives of the Kwangju victims, dressed in mourning white, attacked Roh's son, Jae-hun, as he left the court shouting "Kill the murderer's son".

Earlier they cheered news of the death sentence, but some burst into tears when they heard Roh had escaped death.

## Lebed, Chernomyrdin meet, Yeltsin holidays

### News agencies

#### GROZNY

RUSSIAN security chief Alexander Lebed met Prime Minister Viktor Chernomyrdin to discuss peace plans for breakaway Chechnya yesterday as Russian troops and rebel fighters mixed uneasily in the Chechen capital.

Few details were given of the talks between Chernomyrdin and Lebed, who returned to Moscow from Chechnya on Sunday saying he needed to seek top-level support for the plans and solve the legal technicalities of a political settlement for the region.

Earlier yesterday, there were reports that President Boris Yeltsin might meet today with Lebed.

But Yeltsin's office abruptly announced that the ailing leader was on vacation as of yesterday, casting doubt on a meeting with Lebed and increasing concerns about the president's state of health.

Yeltsin was staying at his Rus country residence, 90 km northeast of Moscow, said his spokesman Sergei Yastzhebmsky.

The brief announcement was released at about 7 p.m. yesterday. It gave no further details and Yastzhebmsky refused to elaborate on the length of Yeltsin's vacation. Yastzhebmsky said Yeltsin might be meeting with various officials during his absence.

Yastzhebmsky indicated the president will not stay at the Rus for the entire duration of his vacation, saying his time off "has just

started." Earlier this month, Yeltsin spent two days in the northern region of Valdai on what was described as a pre-vacation trip.

Yeltsin "maintains control over the issues of domestic and international politics. Every day he is receiving from Moscow a large package of documents that demand his involvement," Yastzhebmsky told Russian news agencies.

However, he "must be given a chance to rest and restore his health after the election campaign," the spokesman added.

Lebed's office said he and Chernomyrdin expressed satisfaction over the ceasefire in Chechnya during a 90-minute meeting.

Lebed also presented proposals for a political agreement for the region, which will be discussed with the rebels when Lebed returns to Chechnya, the agency quoted Lebed's office as adding.

It said the accord is being scrutinized by legal experts.

A political settlement for the rebel region will be the trickiest part of Lebed's peace mission as he has to reconcile rebel demands for total independence with an insistence by officials in Moscow that the region stay part of Russia.

In the Chechen capital Grozny, a group of

rebels dropped in at a Russian checkpoint in the centre, shared out a watermelon and played with a kitten while a soldier sang songs.

But both sides looked ill at ease in their strange new circumstances, introduced as part of the ceasefire brokered on Thursday by Lebed and rebel chief-of-staff Aslan Maskhadov.

Some of the hundreds of thousands of refugees who have fled Grozny trickled back to see their ruined city, where the truce has largely held.

Grozny was the scene of fierce fighting earlier this month when the rebels, seeking to overshadow Yeltsin's inauguration for a second term of office on August 9, seized much of the capital city three days before.

They still control much of the town and have said they are determined not to give in.

Amid the general calm, Interfax news agency said one Russian soldier was shot dead by a sniper and Russian positions came under fire 16 times. A plume of black smoke still hung over the city's oil plant, set ablaze in earlier fighting.

"This was, perhaps, the quietest night in the last year and a half," Tass quoted an interior ministry spokesman as saying.

Interfax said that at least 450 Russian soldiers had been killed in the August fighting and many were still missing.

he Jerusalem Post

Chelsea makes political debut

stopped as a part of

## Mother Teresa improves

CALCUTTA (Reuters) - Mother Teresa scribbled short notes to doctors and well-wishers yesterday as she slowly improved in her fight against malaria and a faltering heart, doctors said.

"She is a shade better compared to yesterday," Dr S.K. Sen told reporters at Calcutta's Woodlands Nursing Home where the 85-year-old Catholic nun has been under treatment since last week.

Sen said Mother Teresa, who cannot speak because a tube has been inserted in her throat, was feeling well enough to scribble short letters and answer questions in writing.

With a gentle wave of her hand Mother Teresa, winner of the Nobel Peace Prize in 1979, hessed a group of visiting nuns from her Missionaries of Charity.

Her religious order denied a rumor which swept through Calcutta yesterday that she had died.

## Ruthless apartheid killer convicted

PRETORIA (Reuters) - A white South African policeman who boasted that he was apartheid's most ruthless killer was found guilty of five murders yesterday to become the most senior servant of white rule yet to face justice.

Eugene de Kock, 48, a former police colonel who commanded a ruthless hit-squad unit that killed opponents of apartheid, was found guilty of killing five black men including Tiso Lehlo, a driver of Winnie Mandela, in 1992.

His trial began shortly after President Nelson Mandela's election in April 1994 and revealed the depth of the ousted government's "Third Force" dirty tricks operation.

Pretoria Supreme Court Judge Willem van der Merwe, who was aided throughout the two-year trial by two lay assessors, began his judgment by outlining the state's evidence against de Kock before ruling.

"There is no doubt...A guilty finding must follow," Van der Merwe said he would

pronounce his verdict on three further murder charges and on numerous other counts of fraud, theft and attempted murder today.

South Africa abolished the death penalty in June 1995, and the former colonoel faces life imprisonment - commonly 25 years - on each murder charge. No date has been set for sentencing.

De Kock had earlier in the case admitted to involvement in the murders of four men in a vehicle ambush in March 26, 1992, and to ordering the murder of Leballo a few days later. He had pleaded not guilty but even his own lawyers - before the trial was over - said the evidence against him was strong.

"De Kock's plea is not guilty but we conceded on the state's evidence that he might be guilty of at least five of the eight murder charges," defense attorney Schalk Hugo told Reuters.

A neatly-suited de Kock was relaxed throughout the first day of the judgment, calmly taking copious notes of the judge's findings and laughing with his lawyers

during the court breaks.

The trial has been one of the country's longest, with 92 witnesses called, 12,000 pages of evidence and 3,000 exhibits. It has provided a litany of the death and mayhem which formed part of the "old" South Africa.

The accusations included massacres and random killings, attacks on township hostels and trains, car bombings, torture, beatings and vendettas against fellow police.

Asked by lawyers at another trial, where he gave evidence, if he agreed he was the security forces' "most effective assassin", de Kock answered: "Yes, I would say that would be correct."

That testimony helped convict three former colleagues in June of a bloody 1989 car-bombing and won him indemnity from prosecution for that trial.

He has now applied to Archbishop Desmond Tutu's Truth and Reconciliation Commission for his own trial, requesting the amnesty it has the power to grant to those who committed human rights abuses but came clean.

## Charles under fire over 'Queen Camilla'

LONDON (Reuters) - British heir to the throne Prince Charles found himself under attack yesterday as speculation mounted that he might try to win over a hostile public and marry his long-term mistress.

Two days before his divorce from Princess Diana becomes final, Charles was criticized by church leaders and parliamentarians who saw he has no intention of ending his 26-year love affair with Camilla Parker Bowles.

Publication yesterday of a picture of him spending the weekend with Parker Bowles and two other friends re-kindled speculation that he may try to persuade Britons to accept his mistress.

"It is safe to say that for the time being, and perhaps for several years ahead, such a marriage would not be acceptable," said constitutional expert Lord Blake.

"The real difficulty is that the concept of Queen Camilla will take a long time to seem right or proper to a large part of the nation which is still very sharply divided in its attitude to Princess Diana," Blake added.

Charles said last year when Parker Bowles herself was divorced that he had no intention of marrying again. But yesterday hookmakers William Hill slashed the odds on re-marriage before the year 2000 to 2/1 from 5/1.

Charles's relationship with Parker Bowles, 49, has dismayed many Britons who cannot understand how he could prefer the older, frumpy blonde to the glamorous, fashion-conscious Diana.

His standing as future king slumped in 1993 after publication of an phone conversation allegedly between the lovers in which Charles declared a wish to live inside Parker Bowles' trouser and be reincarnated as a tampon.

Charles, 47, first met Parker Bowles in 1970 and according to tabloid press reports has thrown himself back into the relationship since starting divorce proceedings from Diana.

He is recently said to have bought her a diamond ring, a horse and sent her daily bunches of red roses. Despite the obstacle of replacing Diana with Camilla, Charles as king would also be supreme governor of the Church of England, which frowns upon the re-marriage of divorcees.

A Sunday Telegraph survey showed bishops were strongly against against Charles re-marrying, believing it would be difficult for Christians to tolerate.

"Many Christians feel that a marriage once made cannot be ended, so remarriage is not possible. It would cause considerable unhappiness and bring tensions to the surface," said Bishop of Manchester Christopher Mayfield.

The Sun newspaper yesterday said Camilla's loyalty and discretion - she has turned down huge offers for her story - had earned her the right to be queen.

But the newspaper said it was too soon for Charles to "flaunt" Camilla. "Britain is not ready for Camilla stepping out on Charles's arm. In five years, maybe 10, it may be a different story."

## German court sentences neo-Nazi

ERFURT (AP) - One of Germany's most notorious neo-Nazis had his prison sentence extended yesterday when a court found him guilty of disturbing public peace, adding to a previous conviction.

Thomas Diezel, 35, already had served 26 months in prison after appearing in a film broadcast on television, in which he claimed to be training armed groups to attack foreigners and their homes.

A court in Erfurt yesterday handed down a cumulative sentence of three years and three months, meaning that Diezel will have to return to prison.

Yesterday's conviction also stemmed from a 1992 broadcast in which Diezel boasted of heading an armed group training to attack not only foreigners, but leftists as well. Diezel also is a notorious Holocaust denier.

Meanwhile, police in Stendal, eastern Germany, announced the arrests of four rightist extremists aged between 15 and 23.

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# Smiley's message

SHLOMO GAZIT

A few days ago I reread John Le Carré's *The Secret Pilgrim*, which was published in 1991. Coming to the last pages, I found Smiley's parting message, speaking to a class of young freshmen at the school of the British secret service. I could not help making a comparison and analogy with his words and our Middle Eastern reality.

We are presently in the process of resolving the Arab-Israeli conflict, which is now 100 years old. In our case, as in the Soviet example which Smiley addressed, the political solution rests with man, and not through an ideological change in one side or the other.

We see a fascinating similarity between the average Arab and the average Israeli; both are sick and tired of the ongoing, senseless struggle, of the heavy economic burden and painful bloodshed of conflict. The new set of personal priorities for both Israeli and Arab includes normalization, and a clear improvement in the individual's quality of life and standard of living, even if the price for this is a political and ideological compromise.

Just as Smiley asked whether he could trust the Russians, we too keep asking the same intriguing question - can we trust the Arabs, our enemies of yesterday? And again, in the words of Smiley, my first answer is no.

We shall never trust the Arabs, and I have two good reasons for saying so. My first is that I simply cannot believe that at the drop of a hat, from one day to the next, all the very valid arguments that have fed Arab hatred and political denial of Israel will disappear.

Israel was regarded as an alien element in an Arab-Islamic Middle East. And, as long as the Arabs have not reached political and social stability, we may face drastic change in the policies or ideology of one or another of our Arab neighbors from one day to the next.

It is our responsibility, we of the Israeli intelligence community, to safeguard national security. If we fail, if we fail to closely monitor the possibility of an Arab military threat, we shall be responsible for a totally impermissible negligence.

We shall be like the "watchman [who] saw the sword coming and [did not] blow the trumpet, and the people were not warned ... his blood will [the Lord] require at the watchman's hand." (Ezekiel 33.6)

**Yes, we can trust the Arabs. They are seeking peace**

OUR SECOND answer, very much like Smiley's, is: Yes, we can trust the Arabs. They are seeking peace, not because they have fallen in love with Israel; peace has become an existential need for them. And peace with Israel will allow them to initiate a new and different agenda. They want and need peace with Israel to enjoy Israeli assistance in overcoming their own problems.

The future Arab attitude toward Israel will very much depend on the kind of treatment they receive from us. It is our duty to help them for two reasons.

The first is common decency. After 100 years of animosity and painful wars, after 30 years of an imposed Israeli military government on two million Palestinians, the least we can do for them is offer the means that will help them find their place in the world of tomorrow.

The second is obvious. The Middle East spreads over an enormous area. We are dealing with an Arab population which is numbering some 200 million people. We shouldn't ignore this enormous potential. We have to choose between the Arab Middle East, with all its military might, as a hateful enemy, and a sincere attempt to integrate into this area, making it an active member in our modern and changing world.

Thus we shall have to adjust our military power, and the modern and forceful state which we have built over the last 50 years, to the new challenges of the future. Israel had to give up too many liberties to survive as a sovereign state. It is time we retrieved these liberties.

The writer is a former head of military intelligence.



OLEG 96

## The dangers of economic illusions

DANIEL DORON

Should the shekel collapse like the Mexican peso, the disaster will be due to the failure of our economic establishment to recognize reality (perhaps because it pays for them not to).

On the eve of the Yom Kippur War, our ruling elite stuck to a faulty military pre-conception. Today, our economic leaders hold faulty economic pre-conceptions, subscribing to illusions and lies that distort reality. Today as then, too many of them have a vested interest in preserving our sick system, and so chances of economic reform are dim. Economic catastrophe cannot inflict casualties as war does. But the ruin it can visit on many of the most vulnerable in society will be great and can pose a danger to Israel's already brittle democracy.

A good example of the prevalence of illusions and distortions is the privatization issue. Privatization enhances efficiency through greater competition in a free and private market. Better use of resources benefits all, but mostly workers whose employment chances and wages increase. To achieve such results in Israel, we must first have a truly private, competitive sector. But we don't.

The Israeli economy is rife with monopolies, conglomerates governed by political operatives and entry barriers. Its concentration of economic power is without parallel in any Western country, with one bank alone, Hapoalim, controlling 40 percent of all financial assets. Competition in such a market is like the "competition" between our banks, where, miraculously most changes are almost identical, without of course, being fixed (just like there was no fixing of prices by insurance companies).

Because reward is not determined by productivity, but by political arrangements, Israeli workers naturally are fearful of losing their political clout which helps fix their wages (as in our electric corporation). The Histadrut - long corrupted by the dangerous combination of political power and economic clout - has the nerve to exploit the workers' worries about privatization to undermine any reform that will

distract attention from our economy's cardinal problem: its inability to increase productivity in generate true growth. It stems from its distorted structure, which our economic leaders usually exploit. Those who warn against high interest rates, in the name of the common good, were curiously silent when the former government created a disastrous deficit and arranged a pension fund bailout that will surely finally ruin our ailing financial markets.

Israelis do not expect much from politicians and economic leaders. But the plague of illusions and lies has also afflicted our civil service, which is supposed to be above political considerations.

Our civil service has many devoted and capable people. But it seems that the tremendous power entrusted to them at a very early age and the ethos to which they subscribe have gone to their heads. They are convinced that they can fine-tune the economy, that they know better than anyone what the "public interest" is, and that it is their mission to improve society and make it more just by administrative means. They don't really believe in market forces, and try to "improve" or correct them at almost any cost. They are reluctant, therefore, to implement reforms that threaten their control, and they always find excuses to postpone them, or to make them so "perfect" that they become meaningless.

Since most of our technocrats retire early, with generous pensions, seeking lucrative employment in the private and pseudo-private sector, they are not really keen to see reform cut this sector much.

It is also worth noting that no central bank governor or top Treasury official has ever admitted error or taken responsibility for the failures that happened on their watch.

After almost 50 years with our best and brightest in almost total control of the economy, and after Israel has enjoyed unequalled foreign aid, the Israeli worker must make do with a measly \$1,500 average monthly salary, and Israel places 70th in the World Index of Economic Freedom, lower than Pakistan.

The effort to keep the shekel's fluctuations within a downward sliding band can not long succeed in these circumstances. Should the band be breached, the consequences can be a peso-like collapse of the shekel.

The fight over interest rates helps

PROMOTING UNREALISTIC preconceptions has become prevalent not only among politicians, but also among our movers and shakers. Take, for example, the great war over interest rates, which the media would have us believe will determine our economy's destiny. Proponents of high interest rates claim that with such a disastrous government deficit, only high interest rates can curb inflation.

In principle, they are right. But in Israel, where over half our GNP is traded, and where high interest rates created a huge influx of hot money into Israel, which the Bank of Israel must convert into shekels, monetary policy alone cannot curb inflation.

The effort to keep the shekel's fluctuations within a downward sliding band can not long succeed in these circumstances. Should the band be breached, the consequences can be a peso-like collapse of the shekel.

The fight over interest rates helps

working for the government. Three hours of indentured service every day. Slashing taxes is a way of giving part of those three hours back to you, either in cash or free time.

That in itself is good. But good things cost. Non-supply-siders like me are willing to acknowledge that. But we firmly maintain that cutting government spending and with it government size, power, and intrusiveness is itself a

A tax cut is the most direct way to force a debate about the welfare state

good, indeed that it constitutes the second great attraction of cutting taxes. The beauty of a tax cut is that, by starving the beast, it forces the issue of government size and spending.

A SUPPLY-SIDER like Kemp doesn't look at a tax cut in this way. He believes that it will pay for itself - and even if it doesn't, that deficits don't count. Luckily, however, we'd be electing Bob Dole president. He plays Yitzhak Rabin, headhunted veteran, to Kemp's Shimon Peres, dreamer. Dole, now Kempified, must cut taxes. Dole, being Dole, will cut spending.

Will that involve shaving Medicare and perhaps social security increases? Probably. Will

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## National seismograph

PRESIDENT Ezer Weizman, to his great credit, firmly believes he must be the president of all the people. In this capacity, he has frequently served as an advocate for the "forgotten other half" in the halls of power.

Under the previous government, for instance, Weizman repeatedly called for the peace process to be slowed down or even halted temporarily, even though he himself wholeheartedly supported it. The government, he said, was going too fast for the people; for the sake of national unity, it would be better to slow down the process and wait for the people to catch up with it. He perfectly expressed the national mood when he refused to accept a telephone call from Palestinian Authority Chairman Yasser Arafat hours after a bus bombing.

This week, Weizman began to serve as a gadfly on behalf of the new "other half" - the half of the population who favor the Oslo process, and who are concerned that it is grinding to a halt under the new government.

Such presidential advocacy is legitimate, just as it was under the Labor government. As former president Chaim Herzog noted, one of the roles of the president is to act as the "national seismograph."

However, the president must be careful not to cross the narrow line that separates his legitimate role - serving as the voice of those who feel disenfranchised - from unacceptable interference in the country's diplomatic affairs. Running the country's foreign policy is the sole prerogative of the government. The president has no right whatsoever to get involved in matters of policy, however unhappy he may be with the government's conduct.

Weizman denies press reports charging that he intends to meet Arafat with or without Prime Minister Benjamin Netanyahu's consent - reports which, had they been true, would certainly have constituted a crossing of this line. Given Weizman's record over the past four years, there is no reason to doubt him on this.

"I'm not a child, that I would say such a thing

to the prime minister," he snapped in his inimitable fashion, when asked at a press conference on Sunday whether he had really told Netanyahu he would meet Arafat without the prime minister's consent unless Netanyahu agreed to meet Arafat instead.

Indeed, Weizman stressed at the press conference that any meeting between himself and Arafat would be set up only in coordination with Netanyahu's office, and that it would take place only at a time approved by the prime minister. This, of course, is as it should be. No government could conduct a coherent foreign policy if the president were to hold diplomatic meetings in hushed disregard of its wishes.

However, Weizman must be very careful to preserve the appearance as well as the reality of his non-involvement as an independent player in the diplomatic process. First and foremost, this means making it clear to Arafat that the president is not a back door to the Prime Minister's Office.

In the letter he sent to Weizman requesting the meeting, Arafat asked Weizman to get involved in an effort "to save the peace process from the difficulties into which it has fallen." Weizman should have responded to this letter with a polite but firm "no."

For the president to meet with Arafat, with government approval, is unexceptionable. However, it is not his job to help Arafat "save the peace process" - especially when Arafat's notions of what this entails are in radical opposition to the government's stress on reciprocity and Palestinian compliance.

Arafat must be made to understand that the only route to a resumption of the negotiations lies through the Prime Minister's Office. By agreeing to meet with Arafat under the terms of his letter, Weizman is allowing the PA chief to maintain the illusion that he can circumvent Netanyahu. However unintentionally, the president is thereby crossing the forbidden line into interference with the government's conduct of foreign affairs.

## LETTERS TO THE EDITOR

### RELIGIOUS MORALITY

Sir, - On Kobi Medan's TV interview program of August 13, Chief Rabbi Lau once more showed himself to be a gentle, moderate and considerate religious leader. However, his responses to questions in regard to the disintegrating relationship between our religious and lay societies did little to dispel the feeling that the former is nothing more than a negative, self-serving burden on the country.

Rabbi Lau reminded us of his pleas for moderation in the hate campaign which preceded Prime Minister Yitzhak Rabin's murder. However, in defense of the inaction of the religious leadership as a whole both before and after the murder, he could only note that this was also characteristic throughout the country. But aren't the thousands of rabbis our yeshivas produce supposed to be the teachers of morality, the leaders, the models? They also have the agency for effective action; do they not enjoy a commanding position in their congregations be-

yond anything comparable to that of individuals, even political figures, in the rest of our society? The facts on the ground imply that either societal morality is not on their agenda or that, God forbid, they support such behavior. In either case, what is the justification for national financial support?

Neither did Rabbi Lau identify with the ugly behavior of the religious community we are so often forced to witness. He referred us to the many books and writings of our sages for the true picture of Judaism. But aren't the observant steeped in these same sources? Do they not spend their lives studying and memorizing them? Is this only to be able to quote from them, but not necessarily live by them? They apparently no longer serve as an inspiration. What benefit then does our Chief Rabbi expect would derive from their study by the rest of society, as he recommends?

L.M. SHORR  
Haifa.

### CYPRUS VIOLENCE

Sir, - In analyzing the background to the recent outbreak of violence in Cyprus, your editorial of August 18 noted - and sympathized with - the Greek Cypriots' frustration over the international community's failure to bring any pressure to bear which would end the 22-year old Turkish occupation of North Cyprus. "It is hardly surprising that the anger of Greek Cypriots and their supporters boils over occasionally in demonstrations on the island. Neither is it surprising that the Turks react with the savagery typical of their traditional handling of Cyprus." If you exchange in this account the words "Greek Cypriots" for "Palestinians" and "Turks" for "Israelis," the result will be a description of the intifada outbreak - the kind of description which was denounced as "antisemitic" and worse in David Bar-Ilan's celebrated *Eye on the Media*.

A more sober news item published in the same issue of *The Jerusalem Post* describes the Cyprus events as follows: "Greek Cypriot protesters stormed into the buffer zone and threw stones at the Turkish security forces, who responded with gunfire." If, in *The Jerusalem Post's* view, the Turkish forces' conduct constitutes "typical savagery," what does this judgment imply for the IDF, whose soldiers' similar conduct on numerous occasions resulted in more than a thousand Palestinian fatalities, including many children?

Holon. ADAM KELLER

### BRILLIANT IDEA

Sir, - Sometimes I find it hard to agree with the views of Mayor Ehud Olmert, but this time I think his idea of building a tunnel under Bar-Ilan Street is a truly brilliant one. And I even have a suggestion how to finance the project said to cost \$17 million.

Since the whole issue of closing the street originates with and is to the benefit of the haredim, it is only they are the ones who should foot the bill. From the extremely generous budget allocations they are already getting this year and will continue to get during the years that the project would be carried out, there should be no problem to take off the funds needed to satisfy their - and only their - demand. As a person already heavily taxed in this city, among others with a horrendously and unjustifiably high arnona bill, would certainly not be willing to foot the bill, and I am sure that I am not alone in this. So, if they want a tunnel to run under a carless Bar-Ilan Street, let them finance the construction of one.

Jerusalem. ANNA LEVIN

### DANGEROUS LIES

Sir, - In a recent Yaron London program on TV Channel 2, MK Talib A-Sanaa claimed that the Arabs of Eretz-Israel are descended from the ancient Canaanites, the early inhabitants of Eretz-Israel. And later, Channel 1 broadcast various deeds performed by our Arab neighbors at Sebastia, in Samaria, to demonstrate their descent from the Canaanites.

Many of the Arabs living in Eretz-Israel are the children and grandchildren of migrants from Syria and other Arab lands, who were attracted to this part of the world some one hundred years ago by the economic prosperity which resulted from the arrival of the first Zionists. Others are not Arabs at all, but rather the descendants of Armenians and other Caucasians who came here in the past for various reasons. And still others are the descendants of Jews who were forced in convert to

thus evident that this new claim is ridiculous, and we are subjected to it only in order to provide the Arabs of Eretz-Israel with that which they lack so severely - roots in our land.

Our smile gets broader when we recall another, earlier claim of theirs - that they view themselves as Arabs, descended from Ishmael, the brother of Isaac and the son of Abraham and Hagar. It is beyond my understanding just how they can be related both to Ishmael and to the Canaanites - at the very same time.

However, as we Jews well know, if a lie is repeated over and over again, it is eventually accepted as the truth. We saw this with the Nazis and later, with Holocaust-deniers the world over.

We must stop this nonsensical lie before it goes any further.

ESTHER ABUTBOUL  
Jerusalem.

### NOT A FEAR TO FEAR

Islam a few generations ago. It is Sir, - In *The Jerusalem Post* of August 14, Internal Security Minister Avigdor Kahalani is quoted as saying that "Our main problem is the Israeli driver... to my sorrow, he doesn't fear the police or anyone else." The reason for this is that there is not much to fear.

The Israeli driver has learned that he can speed at 120 km. per hour or more from Jerusalem to Tel Aviv and will virtually never be stopped by a police car. He has learned that there is virtually no enforcement of the law when it comes to tailgating, speeding, passing dangerously, etc. I witness many of these violations al-

most every time I get on the road, but I rarely see any police stopping violators.

What is needed is not more quotes by our minister so that he can see his name in the newspaper, but lots of serious traffic enforcement. If hundreds of fines were given out every day on the roads of Israel, then Israeli drivers would learn that the police are finally serious about combating the number one killer in Israel. In the meantime, the average Israeli driver will continue to have nothing to fear.

RONALD KRONISH  
Jerusalem.

האנא מן אלא







# BUSINESS & FINANCE

TUESDAY, AUGUST 27, 1996

## Banks reduce prime rate to 17.3%

GALIT LIPKIS BECK

THE leading commercial banks yesterday said they will reduce the prime lending rate to 17.3 percent on Thursday, following the Bank of Israel's decision to reduce its short-term lending rate by 0.5 percentage points.

Bank Leumi was the first to announce the reduction, followed by Bank Hapoalim, Bank Discount, United Mizrahi Bank and First International Bank. They said no change is expected in the other interest components.

Manufacturers Association president Dan Propper said the reduction is "a small, though insufficient," step in the right direction. He called on the central bank to reduce interest by yet another 2%, "so as to prevent a further slump in the capital market, in exports and in the economy in general." The economy, he said, is suffering from a period of instability, reflected in a growing current-account deficit, a capital-market crisis and artificial movements in the foreign currency market.

Chambers of Commerce Association president Danny Gillermao said the central bank's monthly changes of rates create more uncertainty in the economy. The Bank of Israel would have been better off leaving rates unchanged rather than surprise the markets with frequent, small-scale rate changes, he said.

## Meridor: Economy slowing down, but far from recession

EVELYN GORDON

THE economy is experiencing a slowdown right now, but is far from a recession, Finance Minister Dan Meridor told the Knesset Finance Committee yesterday.

"There is no doubt there has been a slowdown in the past few months," he told reporters after the meeting.

However, he stressed, slower growth does not mean a recession.

Just a few days ago, the Central Bureau of Statistics predicted 3.5%-4% growth this year, he said.

While this is not the rapid pace of the previous few years, when growth reached 6%-7%, it is still quite respectable, he noted.

Unfortunately, he continued, the slowdown has so far not affected consumption, which the government would like to see curbed. Instead, it has been mainly evident in areas such as

exports.

The government hopes to increase growth again by a policy of widespread privatization and liberalization, but this will take time, he added.

"Policy is measured over the long term," he said.

Bank of Israel Governor Jacob Frenkel added that the previous high growth had been to some extent artificial, fueled largely by consumption and excess borrowing.

"The slowdown shows that part of the recent growth was unsustainable," he said.

Regarding the capital markets, Meridor said these could no longer be considered in crisis, since the government's intervention in the bond markets succeeded in stabilizing them somewhat.

"But there is no doubt the cap-

ital markets require a much more fundamental reform," he added, stressing it was foolish to think there was any one simple solution.

MKS from across the political spectrum said they came out of the meeting feeling that Meridor and Frenkel have some sharp disagreements as to the scope of the central bank's powers.

Meridor stressed that the government is the sole arbiter of economic policy, while Frenkel insisted that his role as the government's economic adviser requires him to express an opinion on a wide range of economic issues - issues which most central bank governors, whose mandate does not include this dual role, would never touch.

However, the two men themselves flatly denied any disagreement.

"There were no differences of opinion," Meridor said.

"There was complete agreement," he said. "I said overall responsibility rests with the government, since that's the elected body, and the governor said exactly the same thing."

"I didn't hear any disagreements between me and the finance minister regarding the interpretation of the Bank of Israel Law," agreed Frenkel, saying Meridor had stressed the division of authority between the government and the central bank and the need for the latter to be independent. "The finance minister and I see eye to eye on these things."

However, he stressed, his position as the government's economic adviser not only permits him to express an opinion on everything from budgetary policy to the Trans-Israel Highway, it obligates him to do so.

## BUSINESS BRIEFS

**Hilton chain to run Beersheba hotel:** The Hilton Hotel chain yesterday signed an agreement with Elad Hotels to run a hotel in downtown Beersheba. The hotel, which will include 262 rooms and suites, will have conference rooms, restaurants, a health club and a pool.

Construction began in 1994, and the \$36 million hotel is expected to open at the end of the year. It is expected to serve mainly businessmen pursuing projects in the developing industrial regions of the Negev. *Jerusalem Post Staff*

**Peretz says real number of foreign workers here is 400,000:** Histadrut Chairman Amir Peretz yesterday estimated that the number of foreign workers in the country is around 400,000, and not the 200,000 cited in official reports.

Peretz was speaking during a meeting at which Binyamin Gonen of the Histadrut executive expressed shock over the proposal by Labor and Social Affairs Minister Eli Yishai to set up camps for foreign workers who would later be deported. Peretz agreed, saying the plan "is an inhumane solution" which would seriously damage Israel's image abroad. *Itim*

**MCI signs key US wireless strategy pact:** MCI Communications Corp. said yesterday it has reached a 10-year deal with NextWave Telecom Inc. that thrusts MCI into the top tier of US wireless communications providers.

Under terms of the deal, MCI said it will construct its network to a system planned by NextWave to provide wireless personal communications services, giving it the capacity to offer service to more than 110 million individuals in 63 areas, including 29 of the top 50 markets. Washington-based MCI said it will buy at least 10 billion minutes of capacity for its personal communications services from NextWave over 10 years. Terms of the deal were not disclosed. *Reuter*

## US, Russia give UN plan for Mideast development bank

DAVID HARRIS

THE United States and Russia yesterday deposited plans for the Mideast development bank with the United Nations.

The only element preventing the bank's final go-ahead is the appropriation of \$52.5 million by the US Congress.

While the Senate authorized the transfer of funds earlier this month, there has been considerable opposition to the move by Congressmen who argue the funding should come out of the existing civilian aid to the Middle East.

The decision whether to appropriate the first of five annual payments has to be made before September 30, the end of the US

financial year.

An international transition team of 10 people will oversee the final preparations for the opening of the Cairo-based bank, which will fund major cross-border infrastructure projects in the region.

The team, which will be headed by a US appointee, will also include an Israeli, likely to be either a Bank of Israel representative or Foreign Ministry assistant director general for economic Oded Eran. Its members have been charged with finding a suitable location and staff recruitment, which are likely to take 12

months to organize.

The bank is one of three regional organizations, together with the Regional Business Council and the Middle East Travel and Tourism Agency, being set up following the Casablanca and Amman economic summits held in 1994 and 1995.

Funding, if approved by Congress, will include 21% from the US, 9% from Japan and 6% from Russia. The major local partners in the bank - the Palestinian Authority, Jordan, Egypt and Israel - each have 4% of the bank's \$5 billion worth of equity.

Of the \$5b., \$1.25b. is paid-up capital.

## Bank Discount profits up 47%

Oil Refineries moves into the red, loses NIS 17.2 million

### COMPANY RESULTS

GALIT LIPKIS BECK

BANK Discount completed the second quarter with a 46.9 percent growth in net profits to NIS 71.6 million from NIS 48.8m. in the corresponding period last year.

Management said the rise in earnings was mainly due to the difference in the gap of the actual and known Consumer Price Index between the two periods.

Net return on equity on an annual basis reached 7.3%. The board of directors declared an interim cash dividend of NIS 35m. at its meeting yesterday.

Net profit in the first half of the year fell 3.6% to NIS 134.6m. from NIS 139.7m. The decline was influenced mainly by the directives of the supervisor of banks to limit risks.

This involved, among others, the banks setting aside an additional provision which management said reduced net income by NIS 26.4m., compared with only NIS 1.7m. in the same period last year.

The additional provision was

partly offset by a drop in the provision for taxes to NIS 184.7m. from NIS 216.1m. in the first half of last year.

Oil Refineries Ltd., Israel's third-largest company, lost NIS 17.19m. in the second quarter, compared with a net profit of NIS 18.92m. in the corresponding period last year, the state-owned company yesterday said.

Net profits in the first six months of the year shrank to NIS 8.23m. from NIS 51.1m. in the same period last year.

Chairman of the board of directors Ilao Biran blamed the loss on the continued crisis in oil prices on world markets.

As a result of government policy, Oil Refineries is almost totally exposed to the fluctuating international oil market.

Management said the loss was also due to the unrealistic price of crude oil, which is determined by the government.

According to the company, crude oil prices are currently \$2-\$3 per ton lower than world prices, causing the company damage of between \$20m. and \$30m. each year.

Israel Chemicals Ltd., the company's largest chemical group, yesterday reported a turnaround in earnings, to a net profit of \$24.8m. from a net loss of \$32.2m. in the corresponding period last year.

Net profits in the first six months rose to \$39.2m., compared with a net loss of \$22.1m. in the same period last year. Management said the significant improvement stemmed from 1995's recovery program.

The improvement was also attributed to a rise in prices in most of the products the group manufactures and the purchase of two chemical companies, the German BKL Ladeburg and the US-based Clearon.

Management said these purchases led to a 34% growth in sales and doubled the group's operating profits.

## Sharon blasts plan for PWD layoffs

DAVID HARRIS

NATIONAL Infrastructure Minister Ariel Sharon has intervened on behalf of the Public Works Department, after the Finance Ministry told the PWD to fire 350 workers from its staff of 980 as part of the public sector budget cuts.

Sharon said on Sunday he will not allow the redundancies to be implemented wholesale.

He told the PWD he is holding a series of talks with the Treasury aimed at averting the measure.

This is the latest in a series of disputes since Finance Minister Dan Meridor informed the PWD its 1997 budget would be NIS 1.375 billion, a decrease in real terms from NIS 1.340b. this year considering the expected 13-percent inflation rate in 1996.

Sharon is proposing that 85 staff members be laid off in the next financial year. Some would be of pensionable age and others, aged over 60, would be offered good retirement conditions.

Meanwhile, the PWD wants to continue its planned road building scheme according to its preferential list, beginning new projects while others are being completed.

However, according to a Finance Ministry source, the Treasury is suggesting the PWD complete projects before progressing with the next batch.

The PWD workers committee has agreed to abide by Sharon's request not to consider industrial action while he is negotiating with the Treasury.

## WorldCom to acquire MFS for \$14 billion

NEW YORK (Reuter) - WorldCom Inc. said yesterday it will acquire MFS Communications Co. Inc. in a stock swap worth at least \$14 billion, creating a giant international business communications company.

The combined company, to be called MFS WorldCom, will provide "a single source for a full range of local, long distance, Internet and international service over an advanced fiber optic net-

work," Worldcom said in a statement.

The merged company will have current annualized revenue of about \$5.4b., with more than 500,000 business customers throughout North America, Europe and Asia.

It will have an end-to-end fiber network, with 40,000 kilometers of fiber in service or under construction connecting all major US metropolitan areas.

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**Patah (foreign currency deposit rates) (29.7.96)**

Currency (deposit for)	3 MONTHS	6 MONTHS	12 MONTHS
U.S. dollar (\$250,000)	4.750	4.575	5.375
Pound sterling (£100,000)	3.875	4.000	4.125
German mark (DM 200,000)	1.750	1.875	2.250
Swiss franc (SF 200,000)	1.000	1.125	1.800
Yen (10 million yen)			

(Rates vary higher or lower than indicated according to deposit)

**Shekel Foreign Exchange Rates\* (26.8.96)**

Currency basket	CHECKS AND TRANSFERS		BANKNOTES		Rep. Rates**
	Buy	Sell	Buy	Sell	
U.S. dollar	3.5143	3.5710	3.06	3.22	3.5402
German mark	3.1174	3.1677	2.07	2.18	3.1410
Pound sterling	2.1084	2.1435	1.46	1.50	2.1244
French franc	4.8206	4.8288	4.76	5.00	4.8868
Japanese yen (100)	0.8172	0.8272	0.80	0.84	0.8217
Dutch florin	2.8906	2.9376	2.84	2.96	2.9110
Swiss franc	1.8814	1.9118	1.84	1.94	1.8833
Svensk krona	0.4736	0.4878	0.47	0.50	0.4789
Norwegian krona	0.4872	0.4812	0.46	0.47	0.4807
Danish krone	0.5489	0.5481	0.47	0.51	0.5488
Finnish mark	0.6953	0.6959	0.53	0.57	0.6958
Canadian dollar	2.2749	2.2708	0.88	0.72	2.2706
Australian dollar	2.4844	2.5042	2.23	2.25	2.2921
S. African rand	1.0336	1.0336	2.02	2.15	2.0768
Belgian franc (10)	0.6868	0.6879	0.62	0.70	0.6819
Austrian schilling (10)	2.9679	1.0402	1.00	1.06	1.0815
Italian lira (1000)	2.0632	2.0668	2.94	3.08	3.0187
Jordanian dinar	0.8900	4.0319	2.02	2.15	2.0768
Egyptian pound	4.3300	4.6300	4.33	4.63	4.5587
ECU	3.9579	0.9700	0.89	0.97	0.9894
Irish punt	5.0439	5.1269	4.85	5.20	3.9958
Spanish peseta (100)	2.4950	2.5353	2.45	2.58	2.5123

\*These rates vary according to bank. \*\*Bank of Israel.  
SOURCE: BANK LEUMI

הכלה מן האוכל



Key Representative Rates table showing US dollar, Sterling, and Mark exchange rates.

NYSE STOCK MARKET table showing New York market indexes like DJ Industrial, DJ Composite, etc.

Other stock market indexes table including FTSE 100, Nikkei, and Israeli stocks in NY.

NYSE AMEX table listing various stocks and their prices.

INFLATION table showing dollar crossrates in US.

LIBOR RATES table showing interest rates for various terms.

Foreign financial data courtesy of CommStock Trading Ltd. Futures, Options, Stocks, Bonds and Mutual Funds.

INFLATION table showing US commodities like Wheat, Soybeans, etc.

London commodities table listing various goods and their prices.

Spot market metals (US) table listing gold, silver, and platinum.

New York metal futures table listing various metal contracts.

London metal futures table listing various metal contracts.

TEL AVIV STOCKS

Main Tel Aviv Stock Market table with columns for Name, Price, Change, and Volume. Includes sections for Multi-sided trading, Two-sided trading, and AFTERNOON.

Small rate cut lowers shares

TEL AVIV STOCK MARKET ROBERT DANIEL. Two arrows pointing down with values 174.38 (-0.98%) and 184.98 (-1.22%).

Two-Sided Index Maof Index. STOCKS dropped yesterday amid disappointment at the central bank's announcement.

Leading the market lower were such prominent companies as Koor Industries, down 2.75 percent; Teva Pharmaceutical Industries, off 2%; and Bank Hapoalim, down 2.5%.

"I don't think that even with 0.75% the market would have risen, said Guy Tzidon, portfolio manager with BLT Securities. "Maybe above 1%, we have a short phase in which the market would rise, but in the long term there's not much change here."

The Maof Index fell 1.22% to 184.98, while the Two-Sided Index eased 0.88% to 174.38. Across the Tel Aviv Stock Exchange, NIS 56.8m. worth of shares traded, 7.9% less than the month's daily average of NIS 61.7m.

Weaker dollar depresses European markets

WORLD MARKET ROUNDUP LONDON (Reuters) - The dollar eoded European trading sharply down against the mark and yen yesterday with the markets nervous over Tokyo's monetary direction.

The dollar at the close had slipped by nearly a penny and a yen compared with Friday's levels in dealings that were subdued because British markets were shut for a seasonal holiday.

The weaker dollar had a depressing effect on the main European bourses, which ended down yesterday with the markets nervous over Tokyo's monetary direction.

The dollar's closing level of 107.55 yen compared to Friday's 108.50 was prompted by a growing uncertainty over the direction of Japan's monetary policy.

The Bank of Japan's quarterly Tankan survey on companies' expectations of future business is out tomorrow and is regarded as an important reference for formulating monetary policy.

Last Thursday and Friday, the bourse rose after the Bank of France cut its intervention rate to 3.35 percent following a surprise Bundesbank repo rate cut.

"It's like a morgue out there, everything's dead. Hopefully by the end of next week things will begin to fill up again," said one Frankfurt trader.

In after-hours business, trading on the computerized IBIS index was also down near the close.

French shares drifted to end the day slightly lower after dull trading which traders said lacked direction following the French and German rate cuts of last week.

On Wall Street, the Dow Jones industrial average dropped 28.85 points to close at 5,693.89.

Traders and analysts described a typical late-summer session, with many market players out on vacation and remaining investors groping for something upon which to hang their trades.

Weaker bonds provided a slight impetus to sell, after two fresh reports on real estate activity failed to quell last week's concerns that the economy may be growing at too rapid and inflationary a pace.

The 30-year benchmark Treasury bond was down 21/32 point, yielding 6.99 percent, after the

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INTERNATIONAL STOCK PRICES

Large table of international stock prices for various countries including New York, London, Frankfurt, and others.

Dow falls on fear of higher rates

WALL STREET WEEK NEW YORK (AP) - Stock prices fell yesterday in sympathy with bonds, amid concerns that mounting economic strength might prod interest rates higher.

On Wall Street, the Dow Jones industrial average dropped 28.85 points to close at 5,693.89.

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CURRENCY CROSS-RATES

Table showing currency cross-rates for Mark, Sterling, Yen, Sfr, and FF.











# Kahalani, Hefetz reach agreement on Mazor job

BILL HUTMAN

A LENGTHY stand-off between Internal Security Minister Avigdor Kahalani and Police Inspector-General Assaf Hefetz appears to have ended, with a compromise being reached over appointing Cmdr. Sando Mazor to head the police investigations division.

Kahalani and Hefetz met Sunday night and agreed that Mazor would take the post on November 1, instead of September 1, as originally intended when former internal security minister Moshe Shahal made the appointment, ministry sources said.

The written understanding, however, in the form of a letter by Kahalani and Hefetz, is more

vaguely worded.

"I want to emphasize and make clear that the postponement I have made ... is not intended to point to any particular decision concerning the matter [of the appointment] itself," Kahalani wrote.

This apparently leaves Kahalani the right to choose someone else to take the sensitive post. Sources close to Kahalani, however, said this is not likely to happen. Mazor is to replace Cmdr. Yossi Levy.

Hefetz was infuriated by Kahalani's original decision to postpone the appointment. At the time, Kahalani set no date for

Mazor to take the post and Hefetz believed the minister planned to appoint someone else in his place.

Senior police officers reportedly believed Kahalani wanted to appoint someone else to the sensitive post so that he could have greater influence over police investigations.

Mazor, with Hefetz's backing, threatened to petition the High Court of Justice if Kahalani tried to void his appointment.

Sources close to the minister said Kahalani had only wanted to postpone the appointment because several sensitive investigations are under way, making it an inopportune time to change division heads.

# Histadrut to cancel most personal contracts

MICHAEL YUDELMAN

THE Histadrut leadership yesterday decided to cancel the number of senior officials employed under personal contracts, as part of its effort to cut costs and balance its budget by the end of the year.

These officials and other employees on personal contracts are to be moved to another wage ladder, which is in keeping with the collective wage agreement.

It is not clear, however, whether the senior officials will agree to the new arrangement and stay with the Histadrut. Histadrut Chairman MK Amir Peretz said that a number of employees in "positions of confidence" would remain on personal contracts.

According to the Histadrut's administrative section, 46 senior officials have personal contracts for wages considered high even in

the private sector, which cost the labor federation hundreds of thousands of shekels a month.

The trade union section's legal adviser, for instance, earns more than NIS 80,000 a month, while directors-general and section heads earn NIS 24,000 to NIS 27,000 a month.

Before the new leadership - headed by former Histadrut chairman Haim Ramon - came to power, all Histadrut workers were employed under a collective wage agreement. The new leadership fired close to 1,000 workers, claiming it was making budgetary cuts, but at the same time hired hundreds of new employees, mostly on personal contracts.

Ramon also closed the

Histadrut's legal department, but hired some 100 legal advisers, in the hope that strengthening the Histadrut's legal services would bring it new members. Since the new leadership took over, the Histadrut's membership - and, consequently, its income - have been dwindling steadily.

The insistence on hiring workers on personal contracts also weakened the Histadrut's position in defending workers whose unions fought against employers who were increasing the number of workers employed on personal contracts.

Histadrut union chairman Haim Haliwa said there are some 450 recently hired workers, consisting mostly of political appointees. The Histadrut is planning to fire some 600 more workers by the end of the year.



Communications Minister Limor Livnat and Labor MK Haggai Merom (standing, second from right) help inaugurate the new television and radio stations in the communications section of the Center for Technological Education in Holon yesterday. Livnat promised her ministry would help any educational institution offering training in mass communications. (Ailon Ron/Israel Sun)

### WEATHER

Forecast: Partly cloudy to clear. Slightly cooler.

### AROUND THE WORLD

City	Low	High	Country
Amsterdam	10	15	Netherlands
Bombay	25	30	India
Buenos Aires	15	20	Argentina
Geneva	10	15	Switzerland
Hong Kong	25	30	China
London	10	15	UK
Los Angeles	15	20	USA
Madrid	15	20	Spain
Moscow	10	15	Russia
Paris	10	15	France
Prague	10	15	Czech Republic
Rome	15	20	Italy
Tokyo	20	25	Japan
Washington	15	20	USA

### Winning cards

In yesterday's Mifal Hapayis daily Chance card draw, the lucky cards were the queen of spades, the king of hearts, the ten of diamonds, and the eight of clubs.

# The haredi attack on Barak

BACKGROUND  
EVELYN GORDON

YESTERDAY'S uproar focused on two pieces that appeared this week in haredi papers: One in *Hashavua* and one in *Yated Ne'eman*. Both attacked Supreme Court President Aharon Barak as being dangerous to both Judaism and democracy.

"This dangerous enemy is called Aharon Barak," said the piece in *Yated*. "He is stronger than any government. He overshadows the police, the legislature, and also the executive. With one stroke, he can remove a minister from his post or deprive a party of the right to run in the elections. Democracy has ended. The rule of the people has ended ... He has arrogated to himself the right to decide for me and for you what we are permitted to think and what we have the right to fight for."

Following this introduction, most of the piece was devoted to an analysis of the source of Barak's power and how it could be undermined.

"The key is very simple: He keeps his distance," the piece said. "A politician, who is photographed

at every opportunity and speaks into every microphone ... sometimes receives great honor, but he is also exposed to criticism and contempt - a great deal of contempt. A politician is public property.

"But a man who does not come and go among the people, who doesn't give interviews and who only speaks with those his work requires him to speak with, such a person is more protected," the piece continued.

The author, Haim Walder, then related a story he had heard from his grandfather, of a rich Hungarian Jew who, despite being generally hated, was considered above everyone else - until one day, he slipped and fell in the mud. From then on, the townspeople no longer considered him superior, and treated him as his nastiness deserved.

This is also the way to handle Barak, the piece said: Having got

ten involved in political matters, "he is already in the mud."

Walder, interviewed on Israel Radio yesterday, vehemently rejected the interviewer's suggestion that the article meant to imply that Barak deserved death under Jewish law.

"Oy vavoy!" he exclaimed. "I said one very simple thing: Justice Barak has changed from an ordinary politician ... Because the old government was thrown out and replaced by a new government - that's democracy - he decided to take the reins into his own hands and interfere in a matter in which he has no right to interfere."

The turning point, Walder said, was Barak's involvement in the decision on whether to close Rehov Bar-Ilan.

"Even had he ruled in favor of closing the road, I would have the

same criticism," he said. "A judge should not deal with political issues."

Attorney-General Michael Ben-Yair, State Attorney Edna Arbel, and other senior Justice Ministry officials also entered the fray yesterday, expressing "great worry over the attacks on the Supreme Court and its president in recent weeks."

"There is a danger that these attacks will undermine the faith of the public, or parts of it, in the judiciary as a whole, and in the Supreme Court in particular," they said in a press statement. "Even if a particular court ruling seems wrong to some part of the public, this does not negate the obligation to obey the law and the court's decisions. The test of whether the rule of law exists is whether court rulings are obeyed."

"The Supreme Court's rulings can, of course, be criticized by the public, but there is no room for replacing valid criticism with personal attacks accompanied by the shadow of a threat."

# Galilee residents want proposed industrial zone turned into park

DAVID RUDGE

JEWISH and Arab residents in the western Galilee fighting plans to establish an industrial zone directly over the region's main source of drinking water have suggested turning the site into a nature park and tourist attraction.

The environmentalists maintain that any industrial or commercial development on the proposed site, south of the Kabri junction, would inevitably lead to pollution of the water sources.

Thousands attended a protest rally at the proposed site last night, joined by leading Jewish and Arab poets and entertainers.

The plans for the site, proposed by the Mateh Asher Regional Council, call for the establishment of an industrial zone on 1,000 dunams of land south of Kibbutz Kabri.

Opponents, backed by the Environment Ministry and ecological experts, say this would put the industrial zone directly on top of natural springs and two underground reservoirs. Yoram Verete of Kilil in the western Galilee, noted that these aquifers supply drinking water for tens of thou-

sands of residents of Acre, Nabariya, Arab villages and kibbutzim and moshavim in the western Galilee not connected to the national water network.

Mateh Asher Regional Council chairman Yehuda Shavit, himself a member of Kibbutz Kabri, insisted, however, that proponents of the project were hardly interested in jeopardizing their own water supply. "The aim is to help create jobs, apart from fading agriculture, in the region, on a site that has been chosen by experts as the best of several other alternatives," said Shavit.

### NEWS IN BRIEF

**EI Al jet makes emergency landing in Munich**  
An EI Al Boeing 747 carrying 241 passengers made an emergency landing in Munich on Sunday, after two of its engines flamed out. The pilot of the Zurich-bound plane managed to restart both engines, but the emergency landing was carried out as a safety precaution. *Itm*

**Health Ministry D-G leaving post**  
Health Ministry Director-General Dr. Meir Oren is leaving his post this week after only 15 months in the job. He is returning to his previous position of director-general of Hillel Jaffe Hospital in Hadera. Ministry spokesman Effie Lahav said that a replacement has not yet been chosen, but associate director-general Dr. Boaz Lev will serve as acting director-general. According to the statement, Oren had asked to be released from his post in June, when Health Minister Tzahi Hanegbi took over from Ephraim Sneh, but "he assented to the minister's request to remain a few months in the job to ensure stability and continuity." *Judy Siegel*

### BARAK

(Continued from Page 1)

Rabin. What happened to Rabin requires, not only justifies, legal action," he said. He added that the justice system treated the incident that preceded Rabin's assassination with "astounding indifference and inexplicable passivity."

Meretz leader Yossi Sarid also compared the attacks on Barak to the incitement against Rabin.

"They incited against Rabin, called him a traitor and Rabin was murdered," he said. "That's a fact. All the rest is pretense, crocodile tears, and saying, 'It wasn't our hands which spilled this blood.' But someone is responsible for what happened, and what happened once could happen again."

Meretz MK Dedi Zucker asked

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